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Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

27 May 1983

Yugoslavia: Trends in the Leadership [redacted]

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Summary

In our judgment, Yugoslavia's leaders operating under the limitations imposed by the post-Tito political structure are increasingly unable to solve the country's severe political and economic problems. Judging from [redacted]

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[redacted] their own political behavior, the leaders rarely rise above their own parochial regional or ethnic interests, and the slight momentum for economic reform that grew out of the party congress last year has, we believe, largely dissipated.

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In our view, both public and official criticism of the collective leadership will intensify, and the push for major changes in Tito's institutional legacy will increase. Collectively, leaders of the present institutions--including the party--are demonstrating that they are too divided to reform themselves. Some individual officials might, however, be able to work out political deals that would increase Belgrade's ability to make economic decisions, especially Interior Minister Dolanc, who has been more active politically in recent months.

This memorandum is for the exclusive use of Under Secretary of State, Lawrence Eagleburger. This memorandum was prepared by [redacted] East European Division, Office of European Analysis. Comments and questions are welcome and should be addressed to [redacted] Chief, East European Division, Office of European Analysis, [redacted]

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[REDACTED]

The military's leadership, too, has probably gained in political clout in recent months. [REDACTED]

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Any reshaping of the leadership could have an impact on US interests. The West would applaud economic policies that are more effective and market-oriented, but the more authoritarian policies required to strengthen federal authority might be objectionable to the West. Moreover, if the currently dominant moderate coalition loses out to hardliners waiting in the wings, there could be other strains with the West and a new Yugoslav "tilt" back toward the East. [REDACTED]

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The Trends

Since our last assessment [REDACTED] the Yugoslav political system has continued to drift. Three consecutive central committee plenums this year have failed to forge unified approaches toward the media, cultural institutions and--most importantly--economic policy. Moreover, the leadership, [REDACTED] is still at a loss in dealing with Serbian-Albanian antipathy in Kosovo. The federal party presidium and state presidency are demonstrating by their inaction that they are preoccupied by petty negotiations between their members--who act more like local barons than federal decisionmakers--and inconclusive debates over the country's financial woes and ethnic disputes. The Federal Executive Council and Prime Minister Planinc, in our judgment, are still struggling to stay ahead of day-to-day economic problems. The Federal Assembly's growing involvement in intra-Yugoslav affairs is making it a forum for squabbling regional delegations. [REDACTED]

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Yugoslav leaders are aware that popular confidence is declining as this stalemate continues. Opinion polls reveal widespread unease with the country's situation. Many impatient politicians and journalists have devoted articles and speeches to assigning blame to officials who are perceived as not performing well. The leadership so far has tried to deal with the problem by threats to muzzle critics, a policy we believe will be both ineffective and counterproductive in reestablishing its authority. [REDACTED]

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In our view, the leadership has little chance to improve its effectiveness as long as the present structure--especially the

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collective leadership--remains unchanged. Long-standing, but recently intensifying, ethnic and economic differences among the regions reinforce regional authority at Belgrade's expense. But, as the politicians frequently remind the public, the system's legitimacy derives from Tito, who accelerated the devolution of power to local political bosses before his death. We believe that any major change in the country's political system would involve at least some explicit "de-Titoization"--a risky political act which no leader yet appears willing to undertake.

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[REDACTED]

State of Play in the Leadership

The leadership has not yet taken steps to amend the rigid rules of collectivity and rotational leadership. Raif Dizdarevic, a Bosnian Muslim and outgoing President of the Federal Assembly, recently spoke out against the short term of federal office holders, but the rotation principle continues intact at the federal level. Croatia's Mika Spiljak has become president of the federal presidency for 1983-1984 and, according to a US Embassy official, Serbia's Dragoslav Markovic and his rival Nikola Ljubivic recently agreed to allow Markovic next year to become federal party president, in turn for backing Ljubivic as replacement for Petar Stambolic in 1984 on the federal state presidency. [REDACTED]

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There is limited evidence, however, that leaders may be departing from at least some long-time political practices--in particular, the unwritten rule that leaders from one region do not attack those from another. According to the US Embassy in Belgrade, Branko Mikulic, President of Bosnia-Herzegovina, is under attack by opponents in Belgrade. He was embarrassed by the recent arrest of eleven Muslim nationalists by federal security officials and by the first formal rehabilitation in postwar Yugoslav history--the recent reinstatement to party ranks of Osman Karabegovic, a Bosnian Muslim and key Mikulic rival. [REDACTED]

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There also is some evidence that a one-time contender for Tito's power, Interior Minister Stane Dolanc is beginning to assert himself. During Chinese party leader Hu Yao-bang's visit to Yugoslavia this month, he held an unusual private meeting with the Interior Minister, demonstrating that Dolanc still enjoys special prestige. Dolanc, moreover, is leading a crackdown on potential terrorists from the Middle East who previously transitted Yugoslavia with impunity. According to US Embassy officials who have talked with the Interior Minister and others, Dolanc played a leading role in the recent crackdown on Muslim nationalists in Bosnia-Herzegovina. The Embassy reports that Dolanc acted in concert with Dragoslav Markovic to embarrass Mikulic, a Dolanc rival. [REDACTED]

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We also suspect that the political stature of the military has also increased, if only because the military is now prepared to act forcefully in a crisis. [REDACTED]

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[REDACTED]

Prospects and Implications for US Policy

We believe that, as long as the present political gridlock continues, the political leadership in Yugoslavia will be vulnerable to upsets caused by ethnic and economic difficulties. [REDACTED]

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The leadership could, on the basis of past form, cauterize any renewed rioting in Kosovo but more bloodshed would lead to increased bickering in Belgrade and further reduction in public confidence. If increasing ethnic tensions elsewhere, say in Bosnia-Herzegovina, lead to open disturbances, the shock effect might sweep away many current leaders.

The financial problem, which we expect to become serious in early 1984, will increase strains on the leadership. If, as we expect, the West is seen to be reluctant to extend more aid, those who favor increased economic autarchy and reorientation of Yugoslavia toward the East might attempt to embarrass the currently dominant moderate coalition. [REDACTED]

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Significant shifts in the balance in Yugoslavia's political leadership could have mixed implications for US interests. If a new, more assertive regime comes to the fore, it would probably be better able to initiate new federal economic policies and garner confidence from international banks as long as the economy seemed to be stabilizing. But we believe the tougher political leadership also would seek a more authoritarian structure than the present, decentralized, relatively open system which has avoided severe crackdowns on dissidents, the press, and religious leaders. Yugoslavia could in such a situation be assailed for its human rights policies. If on the other hand, the "moderates" fail to make their program more effective, or if events like the financial crisis in early 1984 undermine them, an even more conservative and Eastward-leaning line might emerge. [REDACTED]

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